

Quarterly Report on March 31st, 2016

according to Annex 30A of the Regulation no. 1/2006 with subsequent amendments regarding the issuers and securities operations

Date of report: March 31st, 2016

Company's name: AEROSTAR S.A. BACĂU

Registered headquarters: No. 9 Condorilor Street

Phone: 0234-575.070

Tax Identification Number: 950531

Trade Register Number: J04/1137/1991

Share capital, subscribed and paid: 48.728.784 lei

Regulated market on which the issued shares are traded: BUCHAREST STOCK EXCHANGE (symbol "ARS")

AEROSTAR S.A. BACĂU
REPORT OF THE BOARD OF DIRECTORS
FOR THE FIRST QUARTER OF 2016

FOREWORD

The purpose of this interim financial report of the Board of Directors of Aerostar S.A. Bacau is to inform the investors regarding the changes in the company's position and performance, which took place between January to March 2016.

According to usual practices, the financial statements prepared on March 31, 2016 are not accompanied by an independent financial auditor's report.

The individual financial statements prepared for March 31, 2016 were audited by the internal auditor of AEROSTAR S.A. Bacau.

SYGNIFICANT EVENTS THAT OCCURED DURING

JANUARY - MARCH 2016

Synthesis / Relevant data on three months of 2016

	MU	March 31st, 2016	March 31st, 2015
Share Capital	K lei	48.729	48.729
Turnover	K lei	81.132	64.470
• export sales	K lei	74.759	59.753
• export share in turnover	%	92,2%	92,7%
Expenses for investments	K lei	4.001	1.548
Effective number of personnel, of which:	No.	1.977	1.877
• own employees	No.	1.779	1.731
• employees from temporary labour agent	No.	198	146
Total gross profit	K lei	19.613	10.328
Net profit	K lei	16.693	8.371

"AEROSTAR" (ARS) SHARE

stock symbol (ticker symbol) "ARS"	March 31st, 2016	March 31st, 2015
number of shares	152.277.450	152.277.450
market value per share at the end of the period (RON)	2,660	1,675
market capitalization (RON)	405.058.017	255.064.729

AEROSTAR S.A. BACĂU
REPORT OF THE BOARD OF DIRECTORS
FOR THE FIRST QUARTER OF 2016

stock symbol (ticker symbol) "ARS"	March 31 st , 2016	March 31 st , 2015
trading price during the period (minimum/maximum) (RON)	2,24 / 2,79	1,675 / 1,890

ECONOMIC ENVIRONMENT

	MU	3 months of 2016	3 months of 2015
Average exchange rate EURO/ 3 months	lei/euro	4,4934	4,4520
Average exchange rate USD/ 3 months	lei/USD	4,0797	3,9478
Average exchange rate GBP/ 3 months	lei/GBP	5,8426	5.9841

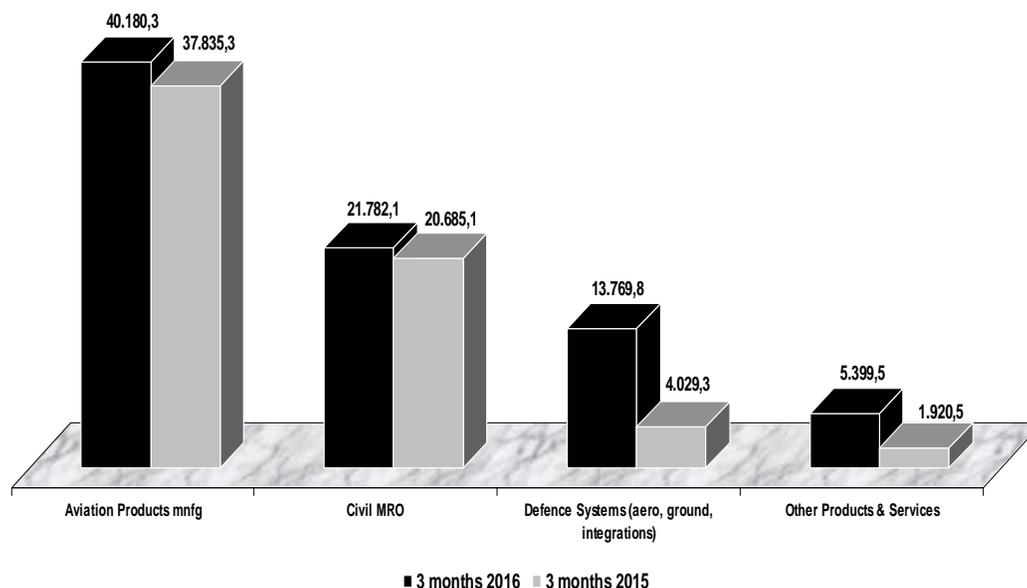
Products and services sold by AEROSTAR, market positioning

The participation program to fairs and exhibitions in the first quarter of 2016 included:

- SINGAPORE AIRSHOW, 13-24.03.2016
- MRO RUSSIA and CIS 2016, 25-26.02.2016
- AEROSPACE MEETINGS ROMANIA, Bucharest 14 -16.03.2016

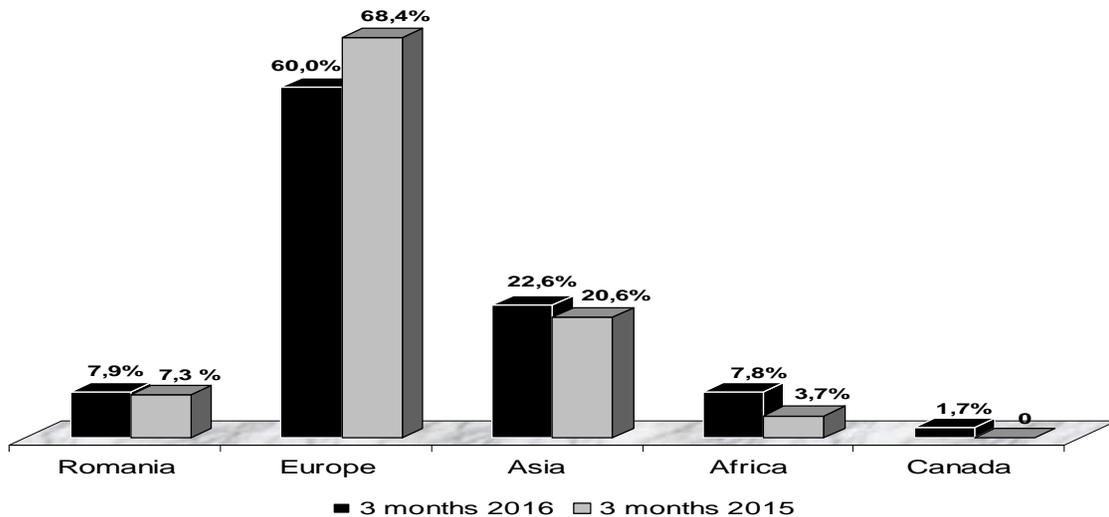
SALES

- **on products and services** (comparative) - in K lei:



AEROSTAR S.A. BACĂU
REPORT OF THE BOARD OF DIRECTORS
FOR THE FIRST QUARTER OF 2016

- **on internal and external markets** - (comparative) - as percentage of the total sales



INVESTMENTS

The expenditures for investments made in the period January to March 2016 recorded a total of 4.000.958 lei, financed entirely by Aerostar.

Of this amount, 3.877.572 lei were spent for the purchase of technological equipment, hardware, measurement and control equipment, machinery, inside factory transport vehicles and 123.386 lei for the purchase of software licenses.

AEROSTAR AS EMPLOYER

In the first quarter of 2016 in AEROSTAR were actually working 1977 employees of which 198 employees were attracted and made available by AIRPRO CONSULT S.R.L., acting as agent on temporary labour market.

In the first quarter of 2016, AEROSTAR has continued the programs for professional development of the employees, by including them in training programs.

AEROSTAR performs staff training in specializations and skills that are not otherwise ensured by the labour market.

In the first 3 months of 2016 a total of 863 employees participated in various training programs. The expenses incurred by the employees' training in the first quarter of 2016 were in the amount of 232.387 lei.

The average percentage of trade union members in 2016 was 81.28%.

AEROSTAR S.A. BACĂU
REPORT OF THE BOARD OF DIRECTORS
FOR THE FIRST QUARTER OF 2016

QUALITY AND ENVIRONMENT

Aspects related to the Quality and Environmental Management System

During the first quarter of this year AEROSTAR has maintained the certifications and approvals obtained from the certification bodies, from customers or other regulatory authorities.

Regarding the quality, in AEROSTAR were performed surveillance audits both by the Romanian Civil Aeronautical Authority to maintain Part 21G and Part 145 approvals and by AEROQ to maintain the 9001 certification.

Regarding the environment, the Environmental Guard performed a control and a validation auditing for the number of GHG certificates for the year 2015.
Also, the GHG certificates were handed ensuring compliance with the legislation.

SYGNIFICANT EVENT AFTER THE REPORTING PERIOD (March 31st 2016)

METHOD AND ASSIGNED PERIOD FOR THE DISTRIBUTION OF THE PROFIT DIVIDEND OF 2015

During the Ordinary Meeting of Shareholders of April 21st, 2016 the AEROSTAR shareholders **approved**:

- the **distribution** for dividends, of the profit of 2015, of the amount of **12.791.305,80 lei** and a gross dividend of **0,084 lei** per share, corresponding to a share with a nominal value of 0.32 lei.

The distribution of the dividends due to AEROSTAR shareholders for the year 2015 will be made according to the applicable legal provisions.

The costs related to the distribution activities shall be covered from the net dividend amount due to each shareholder.

- the **determination** of the dividend payment date, on September 21st, 2016.

AEROSTAR S.A. BACĂU
REPORT OF THE BOARD OF DIRECTORS
FOR THE FIRST QUARTER OF 2016

**FINANCIAL POSITION AND PERFORMANCE OF AEROSTAR S.A. DURING JANUARY -
MARCH 2016**

Financial position	March 31st 2016	December 31st 2015
ASSETS		
Fixed assets		
Tangible fixed assets	142.660	142.278
Intangible fixed assets	1.902	2.006
Real estate investments	6.175	6.248
Investment assets	210	212
Total fixed assets	150.947	150.744
Current assets		
Stocks	53.442	43.562
Commercial receivables and other receivables	51.350	57.194
Cash and cash equivalents	109.917	101.299
Total current assets	214.709	202.055
Receivables related to tax on deferred profit	6.184	6.546
Advance expenses	871	434
Total assets	372.711	359.779
COMPANY CAPITALS AND DEBTS		
Capital and reserves		
Share Capital	48.729	48.729
Current result	16.693	52.268
Reported result	88.155	57.382
Other reserves	36.007	34.773
Debts related to deferred profit tax recognised on the account of company capitals	10.097	9.884
Period's profit distribution for the legal reserve	(1.469)	(21.517)
Total company capitals	198.212	181.519
Long-term debts		
Subsidies for investments	16.409	16.875
Deferred revenues	39	0
Total long-term debts	16.448	16.875
Long-term provisions	69.343	70.086
Current debts		
Commercial debts	41.398	34.497
Debt from tax on current profit	2.559	1.970
Other current debts	7.091	14.222
Total current debts	51.048	50.689
Short-term provisions	37.660	40.610

AEROSTAR S.A. BACĂU
REPORT OF THE BOARD OF DIRECTORS
FOR THE FIRST QUARTER OF 2016

Financial position (continuation)

	March 31st	December 31st
	2016	2015
Total provisions	107.003	110.696
Total debts	67.496	67.564
Total company capitals, debts and provisions	372.711	359.779

AEROSTAR S.A. BACĂU
REPORT OF THE BOARD OF DIRECTORS
FOR THE FIRST QUARTER OF 2016

Achieved performance

	March 31st 2016	March 31st 2015
Revenues from shares	81.132	64.470
Other revenues	517	404
Revenues related to costs of the stocks of products and production in progress	5.619	4.967
Revenues from production of assets	155	299
Total operating revenues	87.423	70.140
Expenses		
Expenses with materials	(34.935)	(28.932)
Expenses with employees' benefits	(22.285)	(21.107)
Expenses for depreciation and amortization of fixed assets	(3.816)	(2.938)
Influence of adjustments on current assets	(503)	529
Influence of adjustments on provisions	3.693	(2.442)
Expenses related to external services	(8.179)	(4.550)
Other expenses	(568)	(465)
Total operating expenses	(66.593)	(59.905)
Profit from operations	20.830	10.235
Financial revenues	1.416	4.072
Financial expenses	(2.633)	(3.979)
Financial loss	(1.217)	93
Profit before taxes	19.613	10.328
Tax on current and deferred profit	(2.920)	(1.957)
Net profit of the period	16.693	8.371

General Director,
GRIGORE FILIP

Financial Director,
DORU DAMASCHIN